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SENSITIVE

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SUBJECT: WASSENAAR ARRANGEMENT: MAY 29 OUTREACH MEETING WITH ISRAEL

REF: SECSTATE 55864

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY

11. (SBU) Summary. On May 29, the Wassenaar Arrangement (WA) held an Outreach meeting with Israel, on the margins of the May 26-28 General Working Group meeting. Officials from Israel's Ministries of Defense (MOD), Foreign Affairs (MFA), and Industry, Trade, and Labor (MOITAL) participated in the meeting. Approximately fifteen WA Participating States were present for the meeting. Notable exceptions included the Russian Federation and the United Kingdom; many of the Participating States who were absent blamed their absence on the Hague Code of Conduct (HCOC) Plenary that was scheduled for the same date. Israeli presentations included an overview of Israel's new defense export control legislation, a discussion of achievements and challenges in export controls, a dual-use export controls review, and an explanation of the role of the MFA in export control reform. The meeting was an interactive one, with a number of delegations, including the U.S., Romania, Bulgaria, Germany, and Ireland asking a range of questions. The meeting concluded with an Israeli invitation for WA Participating States to visit Israel and to meet with Israeli industry. No specific decision was recommended or reached for follow on activity.
End Summary.

12. (SBU) The May 29 meeting commenced with welcoming remarks by the WA Plenary Chairperson, Bulgarian Ambassador Chavdar Zhechev, where he summarized the history leading up to the outreach meeting and expressed the hope that the exchange would be a dynamic one. The Israeli officials included: Ram Raviv, Office of the General Council, MOD; Roey Gilad, Director, Department of Export Control, MFA; Eli Pincu, Director, Defense Export Controls Directorate, MOD, and Ohad Orenstein, Director, Chemistry and Environment Administration, MOITAL. Other Israeli delegation members included: Shai Cohen, Deputy Director, Export Control Department, MFA, and Avi Amidor, Head of Technological Assistance, MOD. The Israeli UN Mission's Deputy, Guy Feldman, also participated.

13. (SBU) Turning to the first agenda item, Ram Raviv, from the Office of the General Counsel in the Israeli MOD, presented an overview of the new Israeli export control legislation which came into force in December 2007. Raviv stressed that, since 1991, Israel had been aligning its legislation with international regimes such as MTCR and the NSG. Finally, in late 2007, explained Raviv, Israel adopted the WA lists as its own national control lists. Israel thus controls exports of defense and dual use items, including commodities, technology, and services. According to this legislation, export control and licensing authorities rest with the MOD and the MOITAL, with the MFA tasked with inter-ministerial consultation and coordination. The MFA, added Raviv, under the new legislation is also a full partner in licensing procedures and must be consulted before licenses are granted. The MOD, explained Raviv, controls exports of military items and dual-use items intended for

military end use. MOITAL, in turn, controls exports of dual-use items intended for civilian end use. Raviv stressed that new legislation was adopted because of constitutional requirements, the need to enhance control and enforcement mechanisms, and, quite significantly, the desire to conform with international standards.

14. (SBU) Key elements of the new legislation include control lists based on WA, as well as licensing requirements for re-transfers and end-use changes. Further, transit and transshipments would now need to be licensed, as well as brokering activities. Raviv underscored that registry in the Defense Export Registry was a precondition for licensing. Registration approval depended upon the applicant's criminal record and any prior export control offenses. The new legislation also tightened reporting and record-keeping requirements as well as on-site inspections. Raviv stressed that strong criminal and administrative sanctions would be placed on violators of the licensing process, with up to 3-5 years imprisonment and up to a 1.2 million Euro fine, as well as possible deletion from the registry or suspension or revocation of licenses. He also neatly tied in current UN Security Council sanctions and embargo resolutions, explaining that the legislation contained stiff criminal penalties for violators of any UN sanctions or embargos.

15. (SBU) Raviv provided an overview of previous Israeli MOD internal structures, where licensing and promotion were undertaken by the same office. In order to end this seeming contradiction of activity within one office, Israeli created the Defense Export Control Directorate which would undertake no arms export promotion activities. Rather the Defense Export Control Directorate is responsible for licensing activities. Israel continues to use a

two-stage licensing process; in the first state, a marketing license is required for marketing activities; in the second state, an export license is required for actual exports. Any changes in end-use or re-transfer require the exporters to apply for an updated license, he stressed

16. (SBU) Raviv provided a detailed overview of the MFA's "full partnership" in the licensing process. According to Raviv, the MFA participates in all advisory committees, it has veto power on licensing recommendations, and other regulations also require MFA consultation. Raviv's discussion of the MFA's role was later complemented by the presentation by Roey Gilad, the Director of the Department of Export Control in the MFA.

17. (SBU) With regard to national control lists, Raviv reported that Israel maintains four control lists: munitions (based on the WA Munitions list), dual-use (the WA Dual-Use list), missile equipment and technology list (the MTCR annex), and an additional dual-use list for transfers to the Palestinian Authority. According to Raviv, the WA Munitions list has been translated into Hebrew and incorporated into law; the WA Dual-Use list has been incorporated into law by reference under a ministerial order. Raviv explained that Israel "added" spacecraft systems (mainly satellites) and anti-terror and Homeland Security items (items designed or modified for the anti-terror and Homeland Security units) to the WA Munitions list. Raviv ended his presentation with a firm commitment that Israel would update its control lists regularly to keep them in conformance with any updated to the WA lists.

18. (SBU) Raviv's presentation led to a lively discussion, with a number of Participating States raising a variety of issues. For example, Germany queried about the cooperation between government and industry. The Israeli delegation responded that Israel has a good system of coordination with industry, with regular presentations and updates. Romania asked about the registration of brokers. Eli Pincu, the Director of the MOD Defense Export Controls Directorate, responded that the new legislation has some brokering controls but that they had not yet been put into force because they needed action by the MOD and MFA as well as Parliamentary approval. However, he added, brokering in contravention of UNSC resolution has been criminalized, and Israeli brokers living abroad are also liable. Gilad added that Israel does not want to be seen as contributing to "instability;" therefore, overall regional and global stability, for example, the situation in Zimbabwe, is factored into licensing considerations (as well as the MFA "veto.")

19. (SBU) Along the theme of international stability, Gilad

provided a persuasive overview of the need for effective controls, especially as a key element in the fight against terrorism. These reasons, explained Gilad, were the genesis for the enhanced role of the MFA in export control and licensing decisions. Echoing Raviv, Gilad underscored the MOD, MOITAL, and MFA coordination in the licensing process, and added detail on the dispute resolution mechanism, where the MFA Director General or ministerial level would be called upon to settle inter-agency cases of dispute. Therefore, stressed Gilad, the MFA was involved in both "stages" of the MOD licensing process, as well as in the MOITAL licensing process for dual-use goods, along with the MOD. Gilad added that the MFA's licensing positions depended upon foreign policy considerations and involved internal MFA consultations with regional departments, the international organizations department, the legal department, and diplomatic missions abroad. Major foreign policy considerations included, as Raviv noted, UN embargoes and sanctions, bilateral relations, regional and internal stability. Gilad concluded by noting that the MFA maintained a regular dialogue with a variety of international control regimes and attended a wide range of international conferences and seminars so as to stay in communication with key countries on export control and licensing issues.

¶10. (SBU) The MOITAL presentation on Dual-Use export controls was a straightforward one, with few surprises and a detailed overview of legislation. Israel's basic policy, explained the MOITAL representative, was the requirement to obtain a license for export of goods, services, and technology according to the WA Dual-Use lists. In relation to this, MOITAL licensing does not cover exports covered by the MOD licensing regime. The MOITAL representative added that if the final end user is a military entity, the license would be given to the MOD under the new legislation. As both Raviv and Gilad noted, any difference in licensing recommendations or opinions among the three ministries would be sent to an inter-ministerial body, and even the Prime Minister if necessary. The MOITAL representative also stressed that any licensing applicant

could lodge an appeal to the inter-ministerial body within 14 days of the decision (both Raviv and Gilad also noted this point but the MOITAL representative highlighted this provision the most).

¶11. (SBU) Eli Pincu, Director, Defense Export Controls Directorate, MOD, rounded off the Israeli presentations. He reminded WA Participating States that his directorate, which was created in 2006, was a result of the Israeli policy decision to separate marketing promotion from export licensing, control, and enforcement. Pincu gave an overview of how his Directorate processes both the marketing licenses and the export licenses (the "two-step" process which Raviv detailed earlier in the Israeli presentations). However, Pincu also stressed that his Directorate was also responsible for outreach and enforcement. According to Pincu, the MOD believes that the involvement of industry, which included regular outreach and training, was important as a "first line of defense" for export control. Outreach examples portrayed by Pincu included both industry-wide and company-specific conferences and training, regular meetings with the "Industry Export Control Directors (a body made up of industry representatives)", and a website which Pincu said his Directorate updated regularly. The Industry Export Control Directors were tasked with "self compliance" and encouraged to conduct internal training. They were also an efficient and focused point of contact, Pincu stressed. Pincu indicated that the MOD was satisfied that outreach to industry was progressing well and was a key ingredient to stronger commitment, implementation, and adherence to export controls.

¶12. (SBU) According to Pincu, outreach did not end with industry and the general international community. Rather, his office was also reaching out to exporters and related persons, including agents, lawyers, and accountants, industrial and trade associations such as the Federation of Israeli Chamber of Commerce, and other government ministries. As Pincu explained, this regular undertaking of awareness-raising events would only serve to better inform key actors involved in the manufacture, sale, and export of items on the WA lists of both Israeli legal requirements and international export regimes. Pincu stressed that these efforts would help ensure that Israel was playing a role in international and regional stability. Pincu noted that over 700 participants attended the MOD's Second Annual Export Control Conference in December 2007 and that six other

conferences were held by the MOD in the twelve months alone, with over 400 participants.

¶13. (SBU) These awareness-raising efforts notwithstanding, should there be violations of the export control legislation and regulations, noted Pincu, the new Defense Export Control Law provided for stronger penalties, as explained by Raviv earlier in the day. According to Pincu, in 2007, there were 75 cases of possible violations, 11 meetings of the Directorate's Enforcement Committee, 11 hearings, and 3 criminal investigations.

¶14. (SBU) While the bulk of the meeting focused on the Israeli presentations and the general discussion between the WA Participating States and the Israeli delegation, WA Head Of Secretariat Ambassador Sune Danielsson provided a concise post-plenary briefing and he and the WA Participating States detailed the WA's information exchange systems and mechanisms.

¶15. (SBU) The meeting concluded with a discussion of Israel's query on how to best stay current with the WA standards and updated lists. The Israeli delegation also repeatedly invited WA Participating States to visit Israel to further review Israel's export control policies and to undertake a "field trip" and discussion with key Israeli industry leaders. Since any follow on meeting in Israel would need further consideration by the WA GWG and the Plenary, Plenary Chairperson Ambassador Chavdar Zhechev simply noted the Israeli invitation for the record. COMMENT: This genuine Israeli request for continued communication underscores the need for a more regular mechanism where non-Participating States can stay current with WA standards, guidelines, and updates to the control lists. We should consider formally proposing such a mechanism for enhanced outreach at the October General Working Group meeting.

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